



NEWS RELEASE

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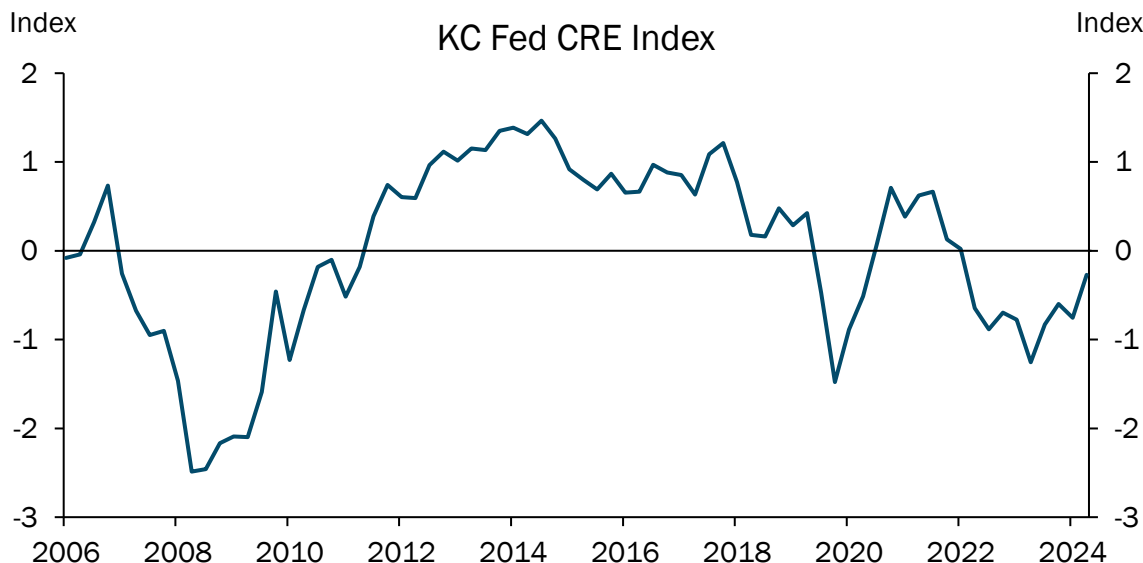
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Commercial Real Estate Activity Increased to Near Its Historical Average
Federal Reserve Bank of Kansas City Releases Quarterly Commercial Real Estate Index

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released its KC Fed CRE Index today. The value of the index increased from -0.75 to -0.27 at the end of last year, bringing the level of regional CRE activity close to its historical norm. The increase in CRE activity was most notable in planning related to property development, with purchases of construction materials and the amount of construction underway each rising modestly.

“Development activity in commercial real estate picked up modestly at the end of last year,” according to Nicholas Sly, vice president at the Federal Reserve Bank of Kansas City. “Although activity in some segments, like office, remained subdued, development projects for medical facilities rose substantially due to high levels of deferred maintenance and pent-up demand over the last few years. Plans for construction in retail and hotels segments also increased.”

Chart 1: The KC Fed CRE Index rose, led by property development planning activities

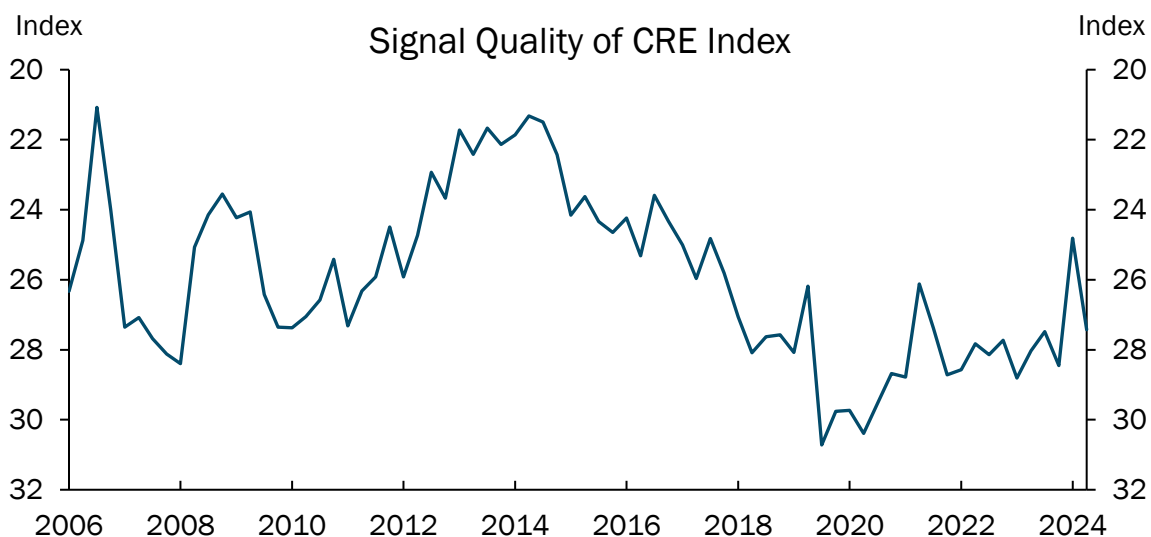


Note: An index value of zero corresponds to overall conditions being at their historical average and differences from zero are measured in terms of standard deviations from the historical norm.

Table 1: Individual drivers of overall change in the KC Fed CRE Index

CRE Market Metric	Contribution to change in index
Construction materials sales	0.100
CRE Property sales	0.074
Construction materials inventories	0.074
CRE Construction underway	0.073
CRE Vacancy rates	0.050
CRE Developers' access to credit	0.048
CRE Rents	0.038
CRE Absorption	0.031
Credit standards for CRE loans	0.022
Construction materials prices	0.011
CRE Completions	0.003
Demand for CRE loans	-0.010
CRE Transaction prices	-0.033
Total	0.482

Notes: Contributions may not add to total change in index due to rounding. The contribution of each metric is calculated as the change in the standardized value of the variable from the previous quarter multiplied by the coefficient of the variable in the index.

Chart 2: Market participants expressed different perspectives on development activity across property types, but otherwise held similar views on financial conditions in the CRE sector

Note: Values correspond to measures of Shannon entropy, with higher numerical values indicating more mixed responses and lower signal quality of the KC Fed CRE Index.